

**BOARD MEMORANDUM**

**T0:** Board of Regents, State of Iowa  
**FROM:** Jean Friedrich  
**DATE:** June 1, 2005 *ASN*  
**SUBJ:** FY 2006 Budgets – Iowa School for the Deaf

**Recommended Action:**

Approve the Iowa School for the Deaf’s FY 2006 general fund operating budget in the amount of \$9,395,644 and the restricted fund budget of \$1,315,379, for a total School budget of \$10,711,023.

**Executive Summary:**

The Iowa School for the Deaf (ISD) prepared its FY 2006 budgets in accordance with the strategic plans of the Board and of the School.

The School’s FY 2006 budget consists of the general fund and the restricted fund components.

**General Fund** The general fund budget is primarily funded from state appropriations and represents the fundamental operations of the School.

For FY 2006, the general fund budget totals \$9.4 million, which is comprised of direct state appropriations of \$8.8 million and other revenues of \$0.6 million. The state appropriation includes an increase of \$340,000 (4.0%) in base operating appropriations over the revised amount appropriated for FY 2005.

**Restricted Fund** The restricted fund budget is designated for specific purposes. Its budget of \$1.3 million primarily consists of capital appropriations and revenues from serving Nebraska students. Nebraska funds provide the resources for the additional faculty and staff and operating costs for the Nebraska students.

**Strategic Plan** The educational programs at ISD enable its students to leave the School with optimal academic, vocational, interpersonal, and independent living skills. The FY 2006 general fund supports the School’s FY 2001 – 2006 strategic planning goals (approved by the Board in January 2002) for ISD in the following ways:

- Quality Teaching, Pupil Personnel & Administrative Services (Goal #1) \$7,704,428
  - Strengthen and Expand Creative & Innovative Programming (Goal #2) 281,869
  - Maintain Facilities / Equipment to Provide a Safe, Healthy, Learning Environment (Goal #3) 1,033,521
  - Flexibility, Efficiency, Cooperation & Accountability (Goal #4) 375,826
- \$9,395,644**

## **Background:**

Purpose	<p>The Iowa School for the Deaf provides comprehensive educational programs and services to deaf and hard of hearing children and youth in Iowa from early childhood through high school graduation.</p> <p>Programs are offered throughout the year on campus as well as off campus in a variety of public school settings. Through a contract with the state of Nebraska, ISD also serves the needs of the deaf and hard of hearing students from Nebraska.</p>
Board Budget Process	<p>In May, the Board considered key budgetary issues to provide guidance in the development of the institutional budgets. This month, the Board receives the general and restricted fund budgets for approval.</p>

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## **Analysis:**

### **General Fund**

Program Descriptions	<p>The FY 2006 \$9.4 million general fund budget is focused around the following programs:</p> <ul style="list-style-type: none"><li>• On-Campus Programs – Academic and vocational programming for students, early childhood through high school graduation, designed to meet each child’s individual education requirements as specified in their Individual Education Plans (IEP). During FY 2006, these programs are expected to serve 105 students, including 13 Nebraska students. (All goals.)</li><li>• Off-Campus Programs – Educational programming in a variety of public school settings for those students whose IEP specifies opportunities for as much interaction with non-disabled peers as is possible and appropriate. These programs are expected to serve approximately 90 students during FY 2006. (Goal 4.)</li><li>• Reverse Mainstream Program – Programming that permits non-disabled peers to receive classroom instruction with deaf and hard-of-hearing students on the ISD campus, including pre-school classes for toddlers of deaf or hard-of-hearing parents or siblings, as well as academic and vocational classes at the middle school and high school level. This program is expected to serve over 15 students and families during FY 2006. (Goal 2.)</li><li>• Parent / Infant Program – Educational programming that offers year-round services to deaf and hard-of-hearing infants and toddlers and their families. Home visits are a unique component of this program because parents have an opportunity to see home-based instruction occurring with their child and staff have an opportunity to review parent / infant educational interaction. This program is expected to serve an estimated 15 families during FY 2006. (Goal 2.)</li><li>• Extended School Year – Educational programming for deaf and hard of hearing students from Iowa and Nebraska with a cross-departmental multi-handicapped program component during the month of July, serving 50 students within the elementary, middle school, and high school levels. (Goal 2.)</li></ul>
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Operating  
Budget

	General Fund Budget Comparison		
	FY 2005 <u>Budget</u>	FY 2006 <u>Budget</u>	<u>Change</u>
<b>REVENUES</b>			
General Appropriations	\$8,470,471	\$8,812,693	\$342,222 <sup>(1)</sup>
Other (DOE Funds) <sup>(2)</sup>	169,342	169,342	0
Sales and Services	322,693	322,693	0
Federal Support	54,000	54,000	0
Interest	25,000	25,000	0
Principal Demutualization	<u>11,916</u>	<u>11,916</u>	<u>0</u>
Total	\$9,053,422	\$9,395,644	\$342,222
<b>EXPENDITURES</b>			
Salaries	\$7,189,662	\$7,541,469	\$351,807
Prof. / Scientific Supplies	1,021,291	1,051,291	30,000
Utilities	357,997	357,997	0
Building Repairs	338,000	298,415	-39,585
Equipment	81,246	81,246	0
Auditor of State	57,000	57,000	0
Library Acquisitions	<u>8,226</u>	<u>8,226</u>	<u>0</u>
Total	\$9,053,422	\$9,395,644	\$342,222

<sup>(1)</sup> Represents \$2,222 appropriation distribution from Department of Administrative Services in FY 2005 after the budget was approved and \$340,000 state appropriation increase for FY 2006.

<sup>(2)</sup> State funding through the Iowa Department of Education for Educational Excellence.

Revenue  
Sources

For FY 2006, the ISD general fund budget totals \$9.4 million and includes:

- Direct state operating appropriations of \$8.8 million, a net increase of \$0.3 million over revised FY 2005 levels.
- The FY 2006 appropriation increase represents an increase of 4.0%, comparable to the allowable growth for other K-12 schools.
- An allocation of state funds of \$169,342, received indirectly through the Iowa Department of Education for Phases I, II, and III of the state's Educational Excellence program;
- Sales and services of \$322,693, which include items such as leases, Lied multipurpose complex rent, billings for interpreters, farm income, staff meal tickets;
- Federal support of \$54,000, equivalent to last year; and
- Interest of \$25,000, equivalent to last year.

- Revenue Uses      ISD proposes to utilize revenue increases for salaries and benefits (\$340,000).
- Salaries and Benefits      To fully fund salaries and benefits of \$7,541,469 for FY 2006, ISD proposes to:
- Use the increase in appropriations (\$340,000); and
  - Reallocate from building repair and maintenance to cover increased premium costs for workers compensation (\$9,585).
  - Overall salary expenditures are budgeted to increase 4.9%.
- Faculty:
- The matrix base salary will increase by 3.3% with no change to the step or track percentages;
  - Eligible faculty will be provided one step on the salary schedule and progression within the faculty matrix for increased levels of education;
  - Merit pay will be provided for qualified sign language proficiency; and
  - Stipends will be provided for:
    - Counsel on Education of the Deaf (CED) Professional;
    - CED Provisional and
    - Extra-curricular activities.
- Professional and Scientific:
- The salary schedule will be increased by approximately 3.0% at the minimum and 3.0% at the maximum. Average salary increases will be 4.5%;
  - Salaries will include vacation and holiday pay for all positions, including part-time employees; and
  - Merit pay will be provided for qualified sign language proficiency.
- General Service:
- Employees will be provided step increases valued at 4.5% on their eligibility dates;
  - Employees at the top of their pay grade will receive an additional 2.5% on April 1, 2006; and
  - Supervisory employees will be treated in a similar fashion.

Programmatic Reallocations

FY 2006 General Fund Budget  
Summary of Reallocations

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From:	Regular Deaf Education	\$176,031
To:	Strategic Initiative:	
	Special Needs Services/Instruction	\$176,031

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Reallocations assist the School in achieving its primary mission and strategic planning objectives. The FY 2006 budget reflects internal programmatic reallocations totaling \$176,031.

The reallocations represent about 2.0% of the FY 2005 general fund budget and are above the Board's program of reallocations.

Reallocations include shifting resources from Regular Deaf Education to Special Needs Services/Instruction. The new, self-contained program, designed for multi-handicapped deaf and hard of hearing children, is part of the ongoing redefinition of the reading and language development programs in both elementary and secondary schools at ISD. ISD will recruit an instructor with special education endorsements, beyond the specific deaf education requirements. The reallocation provides resources that enable the instructional outcomes stated in the IEPs to occur.

## Restricted Funds

Revenue Sources Revenues generated from Nebraska students are considered restricted funds and are segregated from ISD's general fund appropriation.

Restricted Funds Budget Comparison			
	FY 2005 Budget	FY 2006 Budget	Change
<b>REVENUES</b>			
Nebraska Resources	\$627,590	\$815,867	\$188,277
State Capital Appropriations	385,000	327,000	-58,000
Federal Support	127,752	137,512	9,760
Interest	30,000	30,000	0
Other Income	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total	\$1,175,342	\$1,315,379	\$140,037
<b>EXPENDITURES</b>			
Salaries	\$519,384	\$515,608	-3,776
Prof. / Scientific Supplies	133,507	262,570	129,063
Utilities	40,000	50,000	10,000
Building Repairs	460,000	460,000	0
Equipment	20,601	23,601	3,000
Auditor of State	250	1,000	750
Library Acquisitions	<u>1,600</u>	<u>2,600</u>	<u>1,000</u>
Total	\$1,175,342	\$1,315,379	\$140,037

The budget reflects a net increase of \$140,037 from the FY 2005 budget due to:

- An increase in Nebraska tuition funding of \$188,277;
- An increase in federal support of \$9,760; and
- A decrease in capital funding of \$58,000.

Revenue Uses

Nebraska funds will be used for:

- Salary and benefits (\$396,196) for staff, including three faculty and three professional and scientific; and
- Support (\$419,671) for:
  - Operating costs of providing academic and residential services for Nebraska students such as staff travel, printing, and in-service;
  - Purchase and upgrade of computers and computer related software;
  - Supplies in the classroom, in the residential program, and for the staff; and
  - Staff development for faculty and staff opportunities to learn and understand Nebraska special education laws and study Nebraska history for inclusion in the ISD student curriculum. This curriculum development is a multi-year process and is done as part of an evaluation cycle.

State capital appropriations (\$327,000) will be used to reduce deferred maintenance costs and provide safe and functional classrooms and dormitories. Several deferred maintenance and fire and environmental safety projects are identified in the School's five-year capital plan presented to the Board this month in Agenda Item 9, Report of the Property and Facilities Committee. For FY 2006, Phase VI of the Utility System Replacement (project cost of \$275,000) will provide completely new restroom appliances and piping systems in conjunction with exhaust improvement and interior finishes for both sides of the girls dormitory building restrooms. The remaining \$52,000 of the state capital appropriations will be used for projects estimated to cost less than \$250,000.

The Decommissioning for Swimming Pool and Locker Rooms – Phase I will remove the old swimming pool and locker rooms in the high school building and build out the interior space in preparation for construction of a new science learning area. The source of funds for the \$300,000 project will be FY 2006 50% building repair funds and 50% restricted funds.

Providing faculty and staff with safe and functional classrooms and dormitories is an on-going strategic goal and helps to attract and maintain faculty of the highest quality.

Strategic Plan

Restricted funds will address the following:

• Quality faculty and staff	\$828,689
• Availability and access to technology	157,845
• Technology purchases and utilization in the educational program	157,845
• Staff hiring and focus on Individual Education Program (IEP) outcomes	13,154
• Student enrichment activities, including informal learning activities	144,692
• Staff development opportunities	<u>13,154</u>
Total	\$1,315,379